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Chair: Mr. Tommo Monthe ..... (Cameroon)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.05 a.m.

Agenda item 138: Improving the financial situation of the United Nations (*continued*) (A/72/522/Add.1)

1. **Ms. Beagle** (Under-Secretary-General for Management) said that, since the presentation on the financial situation of the United Nations at the Committee's thirty-seventh meeting on 11 May 2018, payments received had brought to 95 the number of Member States that had paid their regular budget assessments in full; to 47 the number of Member States that had paid their peacekeeping assessments in full; and to 69 the number of Member States that had paid their international tribunal assessments in full. In addition, the total number of Member States that had paid their assessments in full for all categories had increased to 42.

2. **Mr. Fouad** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group welcomed the Secretariat's efforts to give Member States a full and transparent account of the Organization's financial health. The Secretariat should present more year-to-year comparisons and elaborate on its general assessment and comments, to help Member States analyse the evolution of the financial situation and monitor the extent to which they had met their financial commitments to the United Nations.

3. The Group expressed its appreciation to those Member States that had paid all their assessments in full, and to those that had reduced their outstanding contributions. All Member States should pay their assessed contributions at the earliest opportunity to keep the Organization on a sound financial footing, and contribute to the essential collective effort to give the Organization the resources required to discharge its mandates. The Group welcomed the reduction in outstanding payments to Member States in respect of troop costs and contingent-owned equipment. As many troop contributors were developing countries, they could not sustain their troop commitments and maintain their equipment on their own for extended periods of time. The Group urged the Organization to significantly reduce the amounts outstanding.

4. The Organization's financial health depended on action by all Member States. While acknowledging the need to extend sympathetic understanding to those temporarily unable to meet their financial obligations, the Group reaffirmed that Member States had a legal obligation under the Charter to bear the expenses of the United Nations, and must, in considering the Secretary-General's reform proposals, ensure financial stability so that the Organization could maintain international peace and security. It was unrealistic to expect the Organization to function effectively, implement its mandates and undertake major change while the payment of some assessed contributions was withheld. Member States did not, by calling for budgetary efficiency, excuse themselves from their obligation to provide the Organization with the resources it needed. Efforts to artificially justify the non-payment of assessed contributions affected mandate fulfilment and undermined the governance of the United Nations on the basis of the sovereign equality of Member States. The Group was committed to building a strong, effective and results-based Organization, and urged all Member States to pay their assessed contributions in full, on time and without conditions.

5. **Mr. Hyndrak** (Observer for the European Union) said that European Union attached great importance to promoting sound financial management in the Organization, which must be in good financial health to be able to fulfil its mandates. Maintaining a good financial situation was a shared responsibility of the Organization and its members, acting as partners. It was worrying that the level of unpaid assessed contributions under the regular budget had been higher at 30 April 2018 than a year earlier, and that a small number of Member States had been responsible for a large proportion of that amount. Unpaid assessments adversely affected the financial health of the Organization; Member States must pay their assessed contributions in full, on time and without conditions. As the Secretariat was predicting, on the basis of monthly patterns in recent years, that cash levels would decline as the year progressed, the full and timely payment of assessed contributions was essential. Member States with unpaid assessments should address the matter as a priority.

6. Although more Member States had paid their peacekeeping assessments in full in the period since 30 April 2018, outstanding payments, at $2.3 billion, remained high. Member States should pay their peacekeeping assessments in full and without conditions to maintain cash flows at a satisfactory level and give peacekeeping operations the necessary resources to fulfil their mandates.

7. The States members of the European Union contributed more than 30 per cent of assessed contributions to the regular budget and the peacekeeping mission budgets. The United Nations must ensure full accountability for the use of resources, and should respect agreed budget levels rather than present revised estimates to Member States later in the budget cycle, unless, in line with current budget standards, all other options, including recourse to the support account for peacekeeping operations, were exhausted. His delegation supported the Secretary-General's proposed management reform, which would improve transparency and accountability. The Organization must not only receive the necessary resources to do its work but also

make savings, reprioritize activities and deliver results.

8. **Ms. Rodríguez Abascal** (Cuba) said that the financial resources for the regular budget and peacekeeping operations were decreasing every year. Although efficiency and accountability were essential to the functioning of the Organization, doing more with less could jeopardize mandate fulfilment. Most Member States supported the Secretary-General's reform proposals in order to help the United Nations adapt to a changing world threatened by complex systemic crises that had been building for decades, but a number had suggested, despite the reform not yet having taken shape, that it should be implemented with even fewer resources than had been available a year previously. As at 30 April 2018, the cash balance for the tribunals had been positive, but, under the regular budget, which had been reduced by over $200 million compared to the previous biennium, unpaid assessments had amounted to $1.561 billion, and, under the budget for peacekeeping operations, which had been reduced by $600 million since the previous period, unpaid assessments had amounted to $2.270 billion.

9. Her delegation welcomed the increase in the number of Member States that had met their financial obligations in full, thereby showing their commitment to the Organization not only in words but in deeds. Developing countries, which were most affected by the current economic and financial situation, had made particular efforts in that regard. Some developing countries were prevented from honouring their financial commitments by their specific situations rather than a lack of political will on their part. It was cause for concern, however, that assessed contributions had not been paid by 96 Member States under the regular budget and by 146 Member States for peacekeeping operations, and that the largest share of unpaid assessments continued to be owed by a single Member State, one that also benefited from the greatest distortion in the methodology for calculating the scale of assessments and the presence in its territory of the Headquarters of the Organization, which it subjected to constant financial blackmail.

10. Cuba had made great sacrifices to meet its financial obligations. The United States of America had strengthened its unilateral 56-year economic, commercial and financial embargo, which violated international law and the Charter of the United Nations and hindered the payment by Cuba of its assessed contributions to the Organization and other international bodies. Despite that attempt to isolate Cuba, her Government continued to demonstrate its commitment to multilateralism through its active participation in the work of the United Nations and its political will to meet its financial obligations.

11. **Mr. Imada** (Japan) said that Member States had a responsibility to pay their assessments on time and in full. Despite its long-standing financial difficulties, Japan had faithfully met its international commitments and its financial obligations to the Organization, thereby contributing to international peace and prosperity. However, Member States' capacity to pay was not unlimited, and assessed budgets were funded by taxpayers. Resource requirements must therefore be realistic as well as sufficient for mandate implementation. His Government was concerned about the Secretariat's use not only of the Working Capital Fund but also of the Special Account to cover cash shortfalls in the regular budget; stricter budgetary discipline was required in the management of the Secretariat. He requested further information regarding the ways in which the Secretariat had addressed the negative cash flow under the regular budget.

12. Given the difficult cash situation and the depletion of the Working Capital Fund, taxpayers would not accept continued use of business class travel by United Nations staff. The decisions of the General Assembly in that connection (see resolution 72/262 B), including elimination of first-class travel by staff, and voluntary downgrades of the class of travel, should be implemented. He requested further information regarding cost-saving measures taken by the Secretariat to address the cash shortfall without waiting for a decision by the Assembly.

13. **Mr. Fu** Liheng (China) said that financial resources were the foundation of the Organization's governance, and a stable financial situation was essential to mandate fulfilment and the success of reforms. China, a staunch supporter of the Organization, had been among the Member States that had paid all their assessed contributions in full as at 11 May 2018. The Organization's financial situation, however, gave no grounds for optimism; as at 30 April 2018, unpaid assessments had amounted to $1.56 billion under the regular budget, $2.27 billion for peacekeeping and $83 million for the tribunals. Member States must pay all assessments on time, in full and without conditions. Countries that had the capacity to pay, particularly those with large outstanding payments, should do so as soon as possible and without conditions in a gesture of support for the United Nations and the reforms. The Member States and the Secretariat must work together to address the Organization's financial difficulties. The Secretariat should strengthen the management and respect the limits of budgets, increase financial discipline, use resources more efficiently and spend wisely every penny contributed by taxpayers. As at 30 April 2018, the United Nations owed outstanding payments of $1.205 billion to troop- and police-contributing countries, which had made great

contributions to peacekeeping and should be reimbursed by the Secretariat as soon as possible.

14. **Ms. Beagle** (Under-Secretary-General for Management) said that the Secretariat was committed to providing financial information in a timely, transparent manner. It gave a high priority to reducing outstanding payments to countries that provided troops and contingent-owned equipment, which were essential to the fulfilment of peacekeeping mandates. The Secretariat continuously monitored peacekeeping cash resources and reimbursed the outstanding amounts as soon as the cash situation allowed. Payments in respect of the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and the United Nations Peacekeeping Force in Cyprus (UNFICYP) had been made that week, and more would follow shortly.

15. To address the negative cash flow under the regular budget, the Secretary-General had written to Member States in January 2018 to emphasize that the financial health of the United Nations depended on their meeting their financial obligations in full and on time, and to request their prompt action to ensure that the Organization was properly resourced so that it could fulfil its mandates. The Secretariat exercised strict budgetary discipline and used the funds entrusted to it in the most cost-effective manner. The regular budget cash flow was negative because of unpaid assessments. The Secretariat provided Member States with the latest information regarding assessments through an online portal. She urged those Member States that had not already done so to opt to receive letters of assessment by email. In April 2018, letters had been sent to Member States with payment arrears; she thanked those that had responded.

The meeting rose at 10.40 a.m.